

AMENDED IN SENATE APRIL 11, 2007

AMENDED IN SENATE MARCH 12, 2007

## SENATE BILL

No. 16

**Introduced by Senator Florez**  
(Principal coauthor: Assembly Member Parra)

December 4, 2006

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~~An act to add Article 14 (commencing with Section 53596) to Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, An act to amend Section 50665.5 of the Government Code, relating to local agency finance.~~

### LEGISLATIVE COUNSEL'S DIGEST

SB 16, as amended, Florez. Local agency finance: ~~local tax revenue~~ *limited obligation* bonds.

Existing law authorizes cities and counties to issue various types of debt instruments, including limited obligation bonds, funded by certain revenue sources, and subject to specified criteria. *The initiating resolution adopted by a local agency pursuant to these provisions is required to include, among other things, a pledge by the local agency that any bonds issued pursuant to the resolution shall be secured by all or part of the revenues received by the local agency.*

~~This bill would authorize qualifying cities and counties to establish sales tax revenue, or STAR, bond districts, and to issue bonds for the financing of projects within those districts pursuant to the provisions of law governing the issuance of limited obligation bonds, subject to specified criteria, including approval by the Treasurer. It would require the city or county to enter into a tax distribution agreement among the city or county, the bond trustee, and the Treasurer, pursuant to which the Treasurer would distribute certain portions of local tax revenues~~

~~collected by the State Board of Equalization from taxpayers doing business within the STAR bond district, for payment of the principal and interest on the bonds, subject to specified criteria~~ *additionally authorize a local agency to restrict the pledge to the revenues received by the local agency from a specified geographical area that is within the local agency's exterior boundaries.*

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~-no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. *Section 50665.5 of the Government Code is*  
2     *amended to read:*

3     50665.5. For all local agencies, the initiating resolution shall  
4     recite each of the following:

5     (a) That the initiating resolution is being adopted pursuant to  
6     the powers granted by this article.

7     (b) The object and purpose of incurring the indebtedness.

8     (c) The estimated cost of the public improvements.

9     (d) The maximum amount of the indebtedness.

10    (e) A maximum rate of interest on the indebtedness.

11    (f) *(1)* A pledge by the local agency that any bonds issued  
12    pursuant to the initiating resolution shall be secured by all or part  
13    of the revenues received by the local agency.

14    *(2) The local agency may restrict the pledge to the revenues*  
15    *received by the local agency from a specified geographical area*  
16    *that is within the local agency's exterior boundaries. The legal*  
17    *description of the boundaries of the geographical area shall be*  
18    *contained in the resolution.*

19    (g) The date of the election.

20    (h) The manner of holding the election and the procedure for  
21    voting for or against the proposition.

22    ~~SECTION 1. Article 14 (commencing with Section 53596) is~~  
23    ~~added to Chapter 3 of Part 1 of Division 2 of Title 5 of the~~  
24    ~~Government Code, to read:~~

25

26                     ~~Article 14. Sales Tax Revenue Bonds~~

27

28    ~~53596. It is the intent of the Legislature in enacting this article~~  
29    ~~to provide for a program of alternative financing for economically~~

1 ~~depressed cities or counties to issue bonds repaid by revenues~~  
2 ~~received by the city or county from any transient occupancy tax~~  
3 ~~or local sales and use tax collected from taxpayers from within a~~  
4 ~~district created pursuant to this article.~~

5 ~~53596.2.— (a) The governing body of a city or county whose~~  
6 ~~average per capita income is within the lowest 5 percent of the~~  
7 ~~statewide average, may, after a public hearing, and upon finding~~  
8 ~~that the city or county qualifies for the bond program provided for~~  
9 ~~in this article and that the program would promote the economic~~  
10 ~~welfare of the city or county, establish by ordinance a sales tax~~  
11 ~~revenue (STAR) bond district with geographic boundaries within~~  
12 ~~the jurisdiction of the city or county. The adoption of this ordinance~~  
13 ~~shall not be construed to require the city or county to issue the~~  
14 ~~bonds.~~

15 ~~(b) Upon adoption of the ordinance, the governing body shall~~  
16 ~~conduct public hearings, a feasibility study, and a marketing study~~  
17 ~~to determine the impact of a project on similar businesses in the~~  
18 ~~projected market area.~~

19 ~~(c) If the governing body determines that the issuance of bonds~~  
20 ~~is in the best interest of the city or county, it shall develop a project~~  
21 ~~plan for the use of proceeds of bonds issued pursuant to this article,~~  
22 ~~to include project costs, and submit the project plan to the Treasurer~~  
23 ~~for approval.~~

24 ~~53596.5.— Costs associated with a project financed with the~~  
25 ~~proceeds of bonds issued pursuant to this article include, but are~~  
26 ~~not limited to, all of the following:~~

27 ~~(a) Acquisition of property within the project area.~~

28 ~~(b) Payment of relocation assistance pursuant to a relocation~~  
29 ~~assistance plan.~~

30 ~~(c) Site preparation, including utility relocations.~~

31 ~~(d) Sanitary and storm sewers and lift stations.~~

32 ~~(e) Drainage conduits, channels, levees, and river walk canal~~  
33 ~~facilities.~~

34 ~~(f) Street grading, paving, graveling, macadamizing, curbing,~~  
35 ~~guttering, and surfacing.~~

36 ~~(g) Street lighting fixtures, connection, and facilities.~~

37 ~~(h) Underground gas, water, heating, and electrical services and~~  
38 ~~connections located within the public right-of-way.~~

39 ~~(i) Sidewalks and pedestrian underpasses or overpasses.~~

1     ~~(j) Drives and driveway approaches located within public~~  
2 ~~right-of-way.~~

3     ~~(k) Water mains and extensions.~~

4     ~~(l) Plazas and arcades.~~

5     ~~(m) Parking facilities.~~

6     ~~(n) Landscaping and plantings, fountains, shelters, benches,~~  
7 ~~sculptures, lighting, decorations, and similar amenities.~~

8     ~~53596.7. (a) Upon approval by the Treasurer pursuant to~~  
9 ~~subdivision (c) of Section 53596.2, the governing body of the city~~  
10 ~~or county may provide for the issuance of STAR bonds pursuant~~  
11 ~~to the procedural requirements of Article 4 (commencing with~~  
12 ~~Section 50665.1) of Chapter 3 of Part 1 of Division 1. No bond~~  
13 ~~shall have a maturity date beyond 20 years after its issuance.~~

14     ~~(b) (1) In connection with the issuance of the STAR bonds, the~~  
15 ~~city or county shall enter into a tax distribution agreement among~~  
16 ~~the city or county, the bond trustee, and the Treasurer, pursuant to~~  
17 ~~which the Treasurer shall distribute local tax revenues collected~~  
18 ~~by the State Board of Equalization from taxpayers doing business~~  
19 ~~within the STAR bond district, in the percentages or amounts~~  
20 ~~determined by the governing body of the city or county.~~

21     ~~(2) For purposes of this section, local tax revenues consist of~~  
22 ~~sales and use tax revenues derived by a city or county under the~~  
23 ~~Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5~~  
24 ~~(commencing with Section 7200) of Division 2 of the Revenue and~~  
25 ~~Taxation Code), in each case with respect to retail sales within the~~  
26 ~~STAR bond district, and the revenues, if any, from the city or~~  
27 ~~county's local transient occupancy tax imposed pursuant to Section~~  
28 ~~7280 of the Revenue and Taxation Code, within the district.~~

29     ~~(3) The Treasurer shall credit that portion of the local tax~~  
30 ~~revenues determined pursuant to paragraph (1) to a special fund~~  
31 ~~created for that purpose until the date upon which the aggregate~~  
32 ~~amount deposited therein is equal to an amount sufficient to retire~~  
33 ~~all of the principal and interest on all STAR bonds for that district.~~  
34 ~~Moneys credited to the special fund shall be available for transfer~~  
35 ~~to the bond trustee to pay principal and interest on the STAR bonds,~~  
36 ~~and shall be pledged by the city or county for that purpose.~~